Do High-Performing MSAs Differ from Other MSAs

Local Employer-Household Dynamics Partnership Workshop
September 10, 2014

Jerry Lonergan
The Civic Council of Greater Kansas City
Civic Council of Greater KC

• Organization founded in 1964 by business leaders

• Privately funded & CEO-led
  o 90 members largest companies in the region

• Criteria for engagement
  o Long-Term, Complex,
  o Others Cannot or Will Not Tackle
  o Requires Data-Driven Decisions, Sustained Attention/Funding, High Level Collaboration
Civic Council Issues

- A Region-wide Metropolitan Business Plan
  - Expand Gross Metropolitan Product
  - High-paying Sustainable Jobs
  - Cross Generational

- Leadership in Life Sciences Initiatives (since 2001)
  - KU Med – National Cancer Institute designation

- KCMO Mayor Sly James requested a review of city’s HR function and steps necessary to create a high-performing modern HR Dept.
Kansas City
Metropolitan Statistical Area (MSA)
October 2013 Board Retreat
KC MSA Data Profile

- Comparative Analysis of multiple variables among 14 Peer Metros
- KC MSA performs well on demographic elements
- Much less successful on jobs and business creation

<table>
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<tr>
<th>MSAs</th>
<th>Rank</th>
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<tr>
<td>Austin</td>
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<td>Raleigh</td>
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<td>Denver</td>
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<td>Minneapolis</td>
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<td><strong>Kansas City</strong></td>
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<td>Louisville</td>
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KC MSA - 30th Largest MSA

POSITIVES
- 12 largest percent share of population under 18 years of age
- 17th largest percent share of population with at least a college degree

CHALLENGES
- Jobs still below pre-recession peak
- Metropolitan Gross Product declining relative to US
WHY?

“So, how do we take this information and do something with it?”

Tom McDonnell, CC Board & CEO of Kauffman Foundation
LEHD On the Map – a bit of the why

• Pretty simple – not sophisticated in any way for each of the 15 metropolitan areas:
  o Search by MSA
  o Perform Analysis on Selection Area
  o Select “private sector jobs” and “2007 & 2011”
  o From Detailed Report – Jobs by NAICS Sector
% Change in Jobs 2002-2012

Tan Bars = MSAs that have passed pre-recession employment levels
LEHD Provided an Answer

At the MSA level, individual NAICS* sector analysis revealed:

• All MSAs increased employment in the Health Care & Social Assistance (15% of total jobs)
• Management of Companies & Enterprises was prominent in some of High-Performing MSAs but was less than 3% of total jobs

* NAICS = North American Industry Classification System – defines establishments based on their primary business activity
LEHD Answer, cont.

NAICS Sector 54 was the key:

• The fully recovered MSAs had a 12% gain

• Near recovery MSAs had 7% gain

• MSAs with a net job increase over 10 years but not yet at pre-recession levels gained 2.8%

• MSAs falling behind experienced a 2.5% loss in Sector 54 jobs
NAICS 54

- Professional, Scientific, & Technical Services

- E.g., legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; etc.

- Avg. wage is $72,930
LED Elevated the Debate

• A clear direction for focused economic development strategy

• Consistent with “anecdotal” reports

• Allowed Kansas City civic and business leaders to confidently focus on a targeted strategy